

STATE OF NEW YORK

6364

2025-2026 Regular Sessions

IN SENATE

March 11, 2025

Introduced by Sen. HELMING -- read twice and ordered printed, and when printed to be committed to the Committee on Finance

AN ACT to amend the insurance law, the penal law and the executive law, in relation to insurance fraud; and making an appropriation therefor

The People of the State of New York, represented in Senate and Assembly, do enact as follows:

1 Section 1. The insurance law is amended by adding a new section 405-a
2 to read as follows:

3 § 405-a. Compensation for report of insurance fraud to law enforce-
4 ment authorities. (a) Any person, other than persons described in
5 subsection (a) of section four hundred five of this article, who has
6 reason to believe that a fraudulent insurance act prohibited pursuant to
7 article one hundred seventy-six of the penal law has been committed or
8 that an insurance transaction may be fraudulent, or has knowledge that a
9 fraudulent insurance transaction is about to take place, or has taken
10 place may report such act or transaction and any additional information
11 relative to the factual circumstances of the transaction and the parties
12 involved to the attorney general, district attorney or insurance frauds
13 bureau.

14 (b) If the insurance frauds bureau recommends to the attorney general
15 or district attorney to commence an action or if the attorney general or
16 district attorney commences an action based on information provided by a
17 person pursuant to subsection (a) of this section, then such person
18 shall be entitled to receive an award of at least fifteen percent, but
19 not more than twenty-five percent of the proceeds of the action or
20 settlement of the claim up to a maximum of twenty-five thousand dollars.
21 The attorney general or district attorney shall recommend to the court
22 when a settlement is entered the amount of such award. The court shall
23 base such award decision on the extent to which the person substantially
24 contributed to the prosecution of the action.

EXPLANATION--Matter in italics (underscored) is new; matter in brackets
[-] is old law to be omitted.

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1 § 2. Section 176.00 of the penal law is amended by adding three new
2 subdivisions 6, 7 and 8 to read as follows:

3 6. "Provider" means an attorney, a health care professional, an owner
4 or operator of a health care practice or facility, any person who
5 creates the impression that they, or their practice can provide legal or
6 health care services, or any person employed or acting on behalf of any
7 such person.

8 7. "Public media" means telephone directories, professional directo-
9 ries, newspapers and other periodicals, radio and television, bill-
10 boards, and mailed or electronically transmitted written communications
11 that do not involve in-person contact with a specific prospective
12 client, patient, or customer.

13 8. "Runner" means a person who, for a pecuniary benefit, procures or
14 attempts to procure a client, patient or customer at the direction of,
15 request of or in cooperation with a provider when such person knows or
16 has reason to know that the purpose of such provider is to seek to
17 falsely or fraudulently: obtain benefits under a contract of insurance;
18 or assert a claim against an insured or an insurance carrier for provid-
19 ing services to the client, patient or customer. Such term shall not
20 include a person who procures or attempts to procure clients, patients
21 or customers for a provider through public media or a person who refers
22 clients, patients or customers as authorized by law. Nothing in this
23 article shall be deemed to prohibit an agent, broker or employee of a
24 health maintenance organization from seeking to sell health maintenance
25 organization coverage or health insurance coverage to an individual or
26 group.

27 § 3. Subdivision 1 of section 176.05 of the penal law, as amended by
28 chapter 211 of the laws of 2011, is amended to read as follows:

29 1. any written statement as part of, or in support of, an application
30 for the issuance of, or the rating of a policy insuring against losses
31 or liabilities arising out of the ownership, operation, or use of a
32 motor vehicle, a commercial insurance policy, or certificate or evidence
33 of self insurance for commercial insurance or commercial self insurance,
34 or a claim for payment or other benefit pursuant to an insurance policy
35 or self insurance program for commercial or personal insurance that [~~he~~
36 or she] such person knows to:

37 (a) contain materially false information concerning any fact material
38 thereto; or

39 (b) conceal, for the purpose of misleading, information concerning any
40 fact material thereto; or

41 § 4. The penal law is amended by adding a new section 176.66 to read
42 as follows:

43 § 176.66 Unlawful procurement of clients, patients or customers.

44 A person is guilty of unlawful procurement of clients, patients or
45 customers when, such person knowingly:

46 1. acts as a runner; or

47 2. uses, solicits, directs, hires or employs another person to act as
48 a runner.

49 Unlawful procurement of clients, patients or customers is a class E
50 felony.

51 § 5. Section 176.15 of the penal law, as amended by chapter 515 of the
52 laws of 1986, is amended to read as follows:

53 § 176.15 Insurance fraud in the fourth degree.

54 A person is guilty of insurance fraud in the fourth degree when [~~he~~]
55 such person commits a fraudulent insurance act and thereby wrongfully
56 takes, obtains or withholds, or attempts to wrongfully take, obtain or

1 withhold property with a value in excess of [~~one thousand~~] five hundred
2 dollars.

3 Insurance fraud in the fourth degree is a class E felony.

4 § 6. Section 176.20 of the penal law, as amended by chapter 515 of the
5 laws of 1986, is amended to read as follows:

6 § 176.20 Insurance fraud in the third degree.

7 A person is guilty of insurance fraud in the third degree when [~~he~~]
8 such person commits a fraudulent insurance act and thereby wrongfully
9 takes, obtains or withholds, or attempts to wrongfully take, obtain or
10 withhold property with a value in excess of [~~three~~] one thousand five
11 hundred dollars.

12 Insurance fraud in the third degree is a class D felony.

13 § 7. Section 176.25 of the penal law, as added by chapter 515 of the
14 laws of 1986, is amended to read as follows:

15 § 176.25 Insurance fraud in the second degree.

16 A person is guilty of insurance fraud in the second degree when [~~he~~]
17 such person commits a fraudulent insurance act and thereby wrongfully
18 takes, obtains or withholds, or attempts to wrongfully take, obtain or
19 withhold property with a value in excess of [~~fifty~~] twenty-five thousand
20 dollars.

21 Insurance fraud in the second degree is a class C felony.

22 § 8. Section 176.30 of the penal law, as added by chapter 515 of the
23 laws of 1986, is amended to read as follows:

24 § 176.30 Insurance fraud in the first degree.

25 A person is guilty of insurance fraud in the first degree when [~~he~~]
26 such person commits a fraudulent insurance act and thereby wrongfully
27 takes, obtains or withholds, or attempts to wrongfully take, obtain or
28 withhold property with a value in excess of [~~one million~~] five hundred
29 thousand dollars.

30 Insurance fraud in the first degree is a class B felony.

31 § 9. Section 176.35 of the penal law, as added by chapter 635 of the
32 laws of 1996, is amended to read as follows:

33 § 176.35 Aggravated insurance fraud in the third degree.

34 A person is guilty of aggravated insurance fraud in the [~~fourth~~] third
35 degree when [~~he~~] such person commits [~~a fraudulent insurance act~~] the
36 offense of insurance fraud in the fifth degree, and has been previously
37 convicted within the preceding five years of any offense, an essential
38 element of which is the commission of a fraudulent insurance act.

39 Aggravated insurance fraud in the [~~fourth~~] third degree is a class D
40 felony.

41 § 10. The penal law is amended by adding two new sections 176.36 and
42 176.37 to read as follows:

43 § 176.36 Aggravated insurance fraud in the second degree.

44 A person is guilty of aggravated insurance fraud in the second degree
45 when such person commits the offense of insurance fraud in the fourth
46 degree, and has been previously convicted within the preceding five
47 years of any offense, an essential element of which is the commission of
48 a fraudulent insurance act.

49 Aggravated insurance fraud in the second degree is a class C felony.

50 § 176.37 Aggravated insurance fraud in the first degree.

51 A person is guilty of aggravated insurance fraud in the first degree
52 when such person commits the offense of insurance fraud in the third
53 degree, and has been previously convicted within the preceding five
54 years of any offense, an essential element of which is the commission of
55 a fraudulent insurance act.

56 Aggravated insurance fraud in the first degree is a class B felony.

1 § 11. Paragraph (a) of subdivision 2 of section 846-m of the executive
2 law, as amended by section 6 of part T of chapter 57 of the laws of
3 2000, is amended to read as follows:

4 (a) The moneys received by the fund shall be expended in a manner that
5 is consistent with the plan of operation, pursuant to appropriation,
6 only to reimburse costs incurred by provider agencies for pilot program
7 activities relating to the detection, prevention or reduction of motor
8 vehicle theft and motor vehicle insurance fraud, provided, however, that
9 beginning January first, two thousand twenty-six, additional monies
10 received by the fund pursuant to an appropriation made by a chapter of
11 the laws of two thousand twenty-five amending this paragraph shall be
12 used exclusively to support efforts undertaken by district attorneys to
13 detect, identify and prosecute fraud pertaining to article fifty-one of
14 the insurance law.

15 § 12. The sum of three million one hundred thousand dollars
16 (\$3,100,000), or so much thereof as may be necessary, is hereby appro-
17 priated to the department of transportation out of any moneys in the
18 state treasury in the general fund to the credit of the motor vehicle
19 theft and insurance fraud prevention fund, not otherwise appropriated,
20 and made immediately available, for the purpose of carrying out the
21 provisions of paragraph (a) of subdivision 2 of section 846-m of the
22 executive law, as amended pursuant to section eighteen of this act.
23 Such moneys shall be payable on the audit and warrant of the comptroller
24 on vouchers certified or approved by the commissioner of transportation
25 in the manner prescribed by law.

26 § 13. Severability clause. If any clause, sentence, paragraph, subdi-
27 vision, section or part contained in any part of this act shall be
28 adjudged by any court of competent jurisdiction to be invalid, such
29 judgment shall not affect, impair, or invalidate the remainder thereof,
30 but shall be confined in its operation to the clause, sentence, para-
31 graph, subdivision, section or part of this act contained in any part
32 thereof directly involved in the controversy in which such judgment
33 shall have been rendered. It is hereby declared to be the intent of the
34 legislature that this act would have been enacted even if such invalid
35 provisions had not been included herein.

36 § 14. This act shall take effect on the ninetieth day after it shall
37 have become a law.